

## MTC Audit Process

### Brainstorm Ideas from

July 26, 2011 Audit Comm. meeting

- Audit Process
  - At times there are very short statutes when the state receives the audit package
  - After state reviews the audit package, may need to have the MTC auditor answer questions, get additional information or correct errors
  - Need to let the states know what was asked and what the response was
  - Need a checklist of what is expected from the audit
  - Taxpayer is slow in providing documentation
    - Need to start using the demand letter and subpoena more
  - Need an audit timeline to keep audits from going on for years
  - Taxpayers claim that states re-audit after they receive MTC audit package
    - Need to have a listing of audit process both at the MTC level and the state level
    - States say that when they send the taxpayer the proposed audit report, the taxpayer then sends them more information
    - States will give taxpayer another chance to provide documentation as this cuts down on appeals
  - States are slow to respond to MTC queries which adds time to the audit
  - Explore assigning team of auditors at the beginning of the process in order to get the difficult audits completed faster
- Workpapers
  - Include the IDRs
  - Need more transparency of what is included in workpapers and supporting documents
  - Need more substantial narratives/explanations of adjustments
  - Need the entire audit file, especially for appeals
- Nominations
  - Need to establish guidelines for what is a “good” MTC audit vs. what is a good audit for the state
  - Need MTC to do audits where it is difficult for the state to get documents
  - Make sure all states are fairly represented in the final audit selections
  - Process is too long, find ways to simplify the process (may work for the income tax audits but doesn’t work for the sales tax audits)
- Technology
  - Post entire audit file to a secure website where the state can access it
  - Move towards paperless audits
  - Need ability for states to connect with each other
    - Give state representatives an MTC e-mail address
  - E-mail system needs to be fully functional
    - Leave e-mails for more than 14 days
    - Ability for states to forward e-mail to their staff
  - Need updated information in the materials that Les gives for the meeting